FINANCIAL NEWS

BK unit sales stagnant for 2nd straight year

MIAMI—For the second straight year, Burger King reported an average unit sales growth of less than 5%.

Taking into account menu price increases of about 4% for the past year, Burger King's sales growth has remained virtually stagnant.

For the fiscal year ended May 31, average unit sales were $751,000, compared to $728,000 a year ago. Between fiscal 1980 and 1981, unit sales grew by only $18,000.

By fiscal year's end, BK operated or franchised a total of 3,255 restaurants worldwide, up from 3,022 the year before.

Systemwide sales rose from $2.1 billion to $2.35 billion, the Pillsbury subsidiary said.

The latest sales figures throw in doubt Burger King officials' repeatedly stated goal of catching up to the store volumes of its archrival McDonald's, now about $1.2 million, within two or three years. And the No. 3 burger chain, Wendy's, has been fast catching up with BK's averages; in fiscal 1981, ended Dec. 31, Wendy's systemwide sales per restaurant were $674,000, up 8% from the prior year's $627,000 average.

Meanwhile, BK franchisees, who operate nearly 90% of the chain's 3,000 domestic units, have been hard hit by inflated interest rates. Strapped for cash, they've been building fewer units; the chain's expansion rate has plummeted from 13% in 1980 to about 7%.

A turnaround strategy is now being worked on by Norman Brinker, the founder of Pillsbury's Steak & Ale group and its single largest shareholder who earlier this year replaced Lou Neeb as Burger King's chairman and chief executive officer.

Brinker's plans are unclear for now, but he's indicated he's not above changing pricing, presentation and even decor to put back some steam into the chain.

IRS agents seize three restaurants' financial records

NEW YORK—Cries of innocence and indignation are coming from restaurateurs here whose records were seized by raiding Internal Revenue Service agents searching for proof of unreported income.

Teams of tax agents armed with search warrants seized financial records at three Manhattan restaurants in June. The restaurateurs were not immediately charged with any wrongdoing.

The agents had apparently earlier posed as prospective buyers and allegedly persuaded the restaurateurs to reveal their true sales and profits.

"I think it is a definite case of entrapment," said Herbert Weisberg, owner of Paul Revere's Chop House.

Salvatore Sorrentino, coowner with Mario Cristovam of the Rio de Janeiro Boat 57, reportedly said, "Our books are open; we have nothing to hide."

A lawyer for Martin Ross, owner of Marty's restaurant, said, "I am certain that the allegations will prove untrue."

More than 80 IRS agents took part in the searches of the three restaurants which stemmed apparently from a business broker who turned informant.

According to the affidavits filed for the search warrants, the restaurants grossed more than $5 million in 1981 while reporting only $3.6 million to the IRS.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended July 2							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. Rate		Last X-Dvd. Date			Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
Name	Symbol	High	Low	Close	Change Amt.	Change Pct.	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct.			Latest P/E Ratio	Amt.	Yield		Last Fiscal Year Revenue	Last Fiscal Year Earnings		Long Term Debt	Common Stock Equity	
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Aca Los A Res	ALAR	4.38	3.88	3.88	-.50	-11.43	9.88	3.50	-.71	.61	-1.97	-37.80	.47	-.48	S	-109.0	-5.0	4.3	NE	.00	.0	01-06-81	27.7	1.2	2.4	5.7	3	1081
Am Motor Inns	INN	20.00	18.38	18.75	.25	1.35	20.88	10.00	.20	-.40	-1.31	2.39	1.66	.41	N	26.2	34.0	6.3	9.5	.22	1.2	01-26-82	142.3	8.9	1.5	15.6	11	0781
ARA Services	ARA	27.63	25.63	27.50	1.88	7.32	33.50	23.50	.07	.69	2.09	-7.53	4.00	-1.13	S	-22.7	-1.0	1.5	7.2	2.00	7.3	05-25-82	2915.9	45.1	1.2	21.0	44	0981
Assoc Hosts	AHST	5.50	5.25	5.50	.50	10.00	7.50	4.88	.03	.54	2.16	45.06	.66	.13	S	22.0	-8.0	2.6	7.6	.12	2.2	06-08-82	79.9	2.1	1.5	6.4	7	0981
Beefstk Char	BSCC	5.50	5.25	5.50	.25	4.76	6.50	2.88	-.45	.54	-5.47	-34.19	.62	.11	S	18.9	32.0	2.4	8.0	.00	.0	00-00-00	86.2	2.1	1.2	1.5	3	1081
Bob Evans Farms	BOBE	22.50	21.75	22.50	.50	2.27	27.00	17.75	-.21	1.26	2.18	-25.67	1.60	.20	F	14.2	25.0	7.9	14.1	.40	1.8	05-10-82	147.0	11.8	1.9	.0	6	0481
Bonanza Intl Inc	BNZA	1.75	1.50	1.63	.13	8.33	4.13	1.06	-.58	-.36	-2.06	41.55	-3.33	-3.32	Q	NC	-67.0	-61.8	NE	.00	.0	00-00-00	24.1	-14.9	1.2	11.2	2	1281
Brock Hotel Cp	BHC	14.50	13.13	13.25	-.75	-5.36	17.50	9.88	-.46	-1.18	-3.73	-41.54	.59	.33	Q	103.1	24.0	4.3	20.4	.10	.8	06-29-82	165.1	7.1	1.2	11.0	4	1281
Calny Food	CLNY	8.00	8.00	8.00	.00	.00	9.66	7.16	.35	.59	-4.53	.00	1.11	.21	F	23.3	9.0	3.2	7.2	.20	2.5	04-29-82	41.7	.9	.4	9.6	4	0281
Carrols Develop	CRL	6.00	5.00	5.75	.75	15.00	6.38	3.97	-.01	2.97	3.34	-8.62	.86	.72	N	163.6	35.0	2.4	5.0	.09	1.6	12-24-81	75.6	1.8	.7	10.1	5	0581
Chart House	CHHO	19.75	18.50	18.50	-1.25	-6.33	22.25	15.25	.01	-.81	2.26	-9.33	2.03	.27	Q	15.2	14.0	5.0	9.1	.60	3.2	03-22-82	353.9	17.7	.9	14.5	10	1281
Chi-Chis	CHIC	17.25	15.69	16.63	.78	4.93	17.94	10.09	.37	-.40	-3.67	-23.40	.31	.22	N	91.6	35.0	14.1	36.1	.00	.0	06-28-82	14.9	2.1	3.1	1.1	1	0481
Ch Full O Nut	CHF	13.25	12.00	13.13	.75	6.06	14.38	9.00	.04	1.02	-1.19	10.51	.66	-.44	N	-51.1	20.0	2.7	31.3	.40	3.0	07-01-82	118.7	3.2	3.4	.8	5	0781
Churchs Fr Ch	CHU	26.25	25.00	25.63	-1.25	-4.65	33.50	25.00	-.43	.87	3.31	-27.47	3.52	.34	Q	10.8	18.0	10.8	7.4	1.00	3.9	07-26-82	412.1	44.6	1.9	1.0	15	1281
Cindys Inc	CNDYC	2.75	2.63	2.75	.00	.00	3.63	2.50	-.07	.75	-.86	-31.18	-.06	1.37	F	NE	NE	-.6	NE	.00	.0	00-00-00	17.0	-.1	.0	7.2	0	1281
Collins Foods	CF	17.25	16.13	16.25	-.63	-3.70	17.25	10.31	.68	-.16	2.26	-10.55	2.28	.69	F	43.3	13.0	3.2	7.1	.24	1.5	03-25-82	265.2	7.5	1.4	10.6	13	0481
Consul Corp	CNSL	6.38	6.13	6.38	.13	2.00	9.38	5.25	-.20	1.36	-.90	-16.91	-.08	.12	S	NC	NE	-1.5	53.1	.00	.0	00-00-00	6.8	-.1	.8	.6	1	0581
Cracker Barrel	CBRL	9.75	9.50	9.50	-.50	-5.00	11.00	7.25	.01	-.18	-1.78	.00	1.00	1.01	S	NC	21.0	3.2	9.4	.00	.0	00-00-00	28.5	.9	1.0	5.4	3	0781
Dennys Inc	DEN	26.88	23.50	24.75	.13	.51	26.88	14.75	.61	-1.62	2.47	-2.83	1.97	.77	N	49.6	6.0	3.2	10.7	.64	2.6	06-04-82	840.7	26.9	1.5	16.0	13	0681
Dunkin Donuts	DUNK	16.00	15.38	15.38	-.13	-.81	16.69	11.13	.18	-.30	.90	-2.69	1.82	.26	S	15.2	19.0	8.3	7.8	.36	2.3	08-09-82	68.7	5.7	1.3	11.4	11	1081
Frischs	FRS	10.88	8.88	10.50	1.63	18.31	10.88	5.78	.67	-.03	6.47	-65.20	1.39	.73	N	63.4	14.0	3.0	5.6	.38	3.6	06-29-82	97.0	2.9	1.2	7.2	13	0581
Hambrg Hamlet	HAMB	8.25	7.00	7.50	.50	7.14	8.25	5.00	1.64	.63	1.14	-27.78	.27	-.15	S	-19.7	-24.0	.7	12.3	.00	.0	00-00-00	28.4	.2	.9	20.9	12	0381
Hardwicke	HAWK	1.63	1.50	1.50	-.25	-14.29	6.00	1.50	-1.13	.98	-8.90	.00	-2.22	-3.88	S	NC	-62.0	-11.4	NE	.00	.0	00-00-00	30.6	-3.5	1.4	18.4	8	0981
Hilton Hotels	HLT	33.63	29.75	32.13	2.38	7.98	47.38	29.75	-.31	-.09	.27	1.08	4.22	-.04	Q	-.9	25.0	20.9	8.1	1.80	5.6	05-28-82	539.3	112.6	2.0	4.5	20	1281
Holiday Inns	HIA	27.88	26.38	26.75	-.50	-1.83	31.00	21.88	.32	-.04	-.64	-7.25	3.66	1.12	Q	42.4	26.0	7.8	7.1	.80	3.0	06-10-82	1765.1	137.4	.8	21.0	25	1281
Holiday Inns A	HIA A	40.75	39.63	40.75	-.50	-1.21	44.50	33.00	.44	.57	-9.45	.00	NA	NA		NA	NA	NA	NA	.00	.0	00-00-00	NA	NA	NA	NA	NA	NA
Horn & Hardart	HOR	17.00	15.25	16.25	.25	1.56	17.75	7.28	.04	-.74	-4.71	-62.46	1.05	.13	Q	14.6	30.0	2.7	15.9	.00	.0	01-11-82	166.1	4.5	1.7	12.6	7	1281
Hungry Tiger	HTIG	8.50	7.50	8.50	1.00	13.33	9.38	6.00	.14	.56	2.64	-14.85	.92	.18	N	20.4	41.0	3.2	8.0	.00	.0	08-24-81	49.9	1.6	.8	5.8	4	0881
Imperial Grp	IMT	1.88	1.50	1.81	.19	11.54	1.88	1.06	.23	3.20	7.43	9.09	.24	.00	F	.0	2.0	2.0	7.6	.14	7.7	02-24-82	8462.9	171.0	1.1	.7	2	1061
Intl Dairy Queen*	INDQ	12.25	11.50	12.25	.75	6.52	13.00	9.25	.37	1.81	-.98	-5.10	1.72	.34	S	22.5	38.0	6.1	6.6	.00	.0	00-00-00	91.3	5.6	1.1	9.7	6	1181
Int King Tab	IKNG	3.38	3.00	3.38	.38	12.50	3.50	1.75	-.02	2.90	-2.83	47.70	-.65	.19	S	NE	-43.0	-3.1	NE	.00	.0	10-09-79	32.0	-1.0	.3	5.4	3	0681
JBs Rest	JBBB	6.63	6.25	6.63	.13	1.92	7.25	2.88	.18	2.13	.54	-23.86	.63	.31	S	75.6	-1.0	3.0	9.2	.16	2.4	05-10-82	36.4	1.1	.9	5.2	5	0981
Jerrico Inc	JERR	20.75	19.38	20.50	.75	3.80	27.63	15.63	.22	.37	.39	6.36	1.70	.27	N	17.1	22.0	5.6	11.1	.12	.6	05-10-82	378.2	21.0	1.1	3.7	10	0681
Kapok Tr Inns	KTI	4.13	4.00	4.13	.00	.00	4.50	3.50	.65	.57	1.41	37.50	-.24	-.46	S	-575.0	-33.0	-2.9	NE	.00	.0	00-00-00	13.8	-.4	3.1	1.9	6	0981
Kelly Johnston	KEJO	19.13	18.50	19.00	.25	1.33	19.13	10.75	.38	.36	-8.16	-26.10	.89	.31	F	53.4	126.0	8.1	21.3	.00	.0	00-00-00	11.9	.7	.4	.8	1	0381
Lubys Cafe	LUB	28.13	26.75	27.88	.75	2.77	32.00	23.50	.11	.51	3.69	-43.44	1.45	.25	N	18.1	23.0	9.1	17.1	.48	1.7	06-07-82	108.2	9.8	1.1	.9	6	0881
Marcus Corp	MRCS	6.13	6.00	6.13	.25	4.26	6.94	5.00	.23	.58	-1.85	-24.36	1.15	.04	N	3.5	7.0	5.8	5.3	.00	.0	08-24-81	105.3	6.1	.8	2.9	9	0581
Marriott Corp	MHS	35.38	33.00	33.38	-.63	-1.84	42.75	31.63	-.31	-.76	1.48	35.98	3.20	.55	Q	20.0	31.0	4.3	10.1	.30	.9	06-21-82	2000.3	86.1	.9	23.2	16	1281
McDonalds Cp	MCD	72.50	68.63	71.13	1.25	1.79	72.88	56.75	.53	.36	1.35	-53.55	6.54	1.01	Q	17.6	18.0	10.7	10.6	1.20	1.7	05-24-82	2477.2	264.8	.5	23.0	34	1281
Morrison Inc	MORR	11.63	10.25	11.25	1.50	15.38	12.00	8.13	.25	.26	.12	-2.83	.95	.15	N	16.6	7.0	3.9	10.7	.36	3.2	04-12-82	319.8	12.4	1.3	2.7	7	0581
Mr Steak	MSST	2.25	2.13	2.13	-.13	-5.56	4.13	2.13	-.11	.56	-.88	63.19	.22	-.25	S	-500.0	-22.0	.5	NE	.00	.0	05-29-80	55.7	.3	1.4	3.4	5	0981
Nathans Famous	NATH	1.06	1.00	1.06	.06	6.25	1.88	.63	.25	2.26	-6.10	44.74	-.87	-.42	N	NE	NE	-7.9	NE	.00	.0	00-00-00	21.5	-1.7	.4	.2	2	0381
Oakbrook Cons	OKCO	9.25	9.25	9.25	.00	.00	11.50	9.00	.20	.57	-3.73	.00	1.74	-.08	S	-5.5	9.0	1.3	6.9	.32	3.5	03-11-82	133.4	1.7	.8	5.6	13	0981
Orange-co	OJ	6.88	6.50	6.50	-.13	-1.89	11.38	6.25	-.35	.13	-3.95	54.59	1.01	.12	S	13.4	25.0	5.4	6.4	.20	3.1	02-22-82	76.2	4.1	1.9	10.2	7	0881
Piccadilly Caf	PICC	15.50	15.25	15.38	-.13	-.81	18.13	13.50	.29	.57	-5.54	-19.57	1.30	.14	N	10.7	15.0	6.1	10.7	.48	3.1	03-09-82	127.2	7.8	1.7	.0	6	0681
Pizza Inn	PZA	5.13	4.63	5.00	.13	2.56	10.38	4.63	.07	1.07	5.53	-14.57	.50	-.02	Q	-3.5	-6.0	1.0	9.1	.00	.0	00-00-00	133.5	1.4	.9	12.9	7	1281
Pizza Time Thea	CHKY	29.75	28.25	28.25	.50	1.80	32.50	18.00	.00	-.14	-2.83	27.76	.58	.77	Q	540.0	42.0	7.2	34.5	.00	.0	00-00-00	11.4	.1	1.3	.4	1	1280
Ponderosa Sys	PON	18.88	15.25	17.63	2.38	15.57	18.88	11.75	.91	-.08	3.64	-31.03	2.01	1.13	Q	137.8	-10.0	2.4	9.0	.40	2.3	06-11-82	353.9	8.5	1.0	20.0	17	0282
Ramada Inns	RAM	4.88	4.25	4.63	.13	2.78	9.50	4.25	-.29	.00	-1.36	-13.08	.05	-.74	Q	-139.6	-21.0	.4	NE	.12	2.6	10-19-81	395.5	1.4	.6	19.0	6	1281
Restaur Assc	RA	4.13	3.88	3.88	.00	.00	7.13	3.88	-.49	.90	.67	-42.54	.97	-.14	Q	-15.3	51.0	2.4	5.0	.00	.0	00-00-00	99.2	2.4	1.3	3.2	6	1281
Saga Corp	SGA	28.25	24.63	26.75	1.75	7.00	29.25	16.00	.44	-.70	4.71	-18.37	2.36	1.07	N	49.7	18.0	1.4	8.3	.56	2.1	05-17-82	819.0	11.6	.9	9.3	15	0681
Sea Galley	SEAG	9.00	8.50	8.50	-.13	-1.45	15.13	6.88	.06	-.14	-.14	47.18	.68	.08	Q	13.5	55.0	4.5	12.7	.00	.0	06-02-81	49.0	2.2	1.8	2.4	5	1281
Servico Inc	SRVI	8.00	8.00	8.00	.00	.00	11.25	7.00	-.61	.59	-6.70	-71.05	1.69	-.51	Q	-30.9	78.0	3.5	7.0	.00	.0	00-00-00	126.4	4.4	1.1	56.1	6	1281
Shoneys Inc	SHON	18.13	17.13	18.13	.88	5.07	18.25	11.91	.28	.78	-.98	18.74	1.03	.25	S	27.1	21.0	5.5	15.5	.16	.9	03-29-82	269.4	14.8	1.0	2.0	5	1061
Sonesta Hotel	SNSTZ	11.00	10.00	11.00	1.00	10.00	13.66	8.50	.55	.56	.58	-92.42	.94	.37	Q	217.6	32.0	1.4	20.4	.20	1.8	06-25-82	145.0	2.1	.9	27.7	10	1281
Steak n Shake	STAK	2.75	2.63	2.69	.06	2.38	3.13	2.38	.32	.66	4.47	-53.99	.06	-.23	S	-79.3	-34.0	.5	44.8	.00	.0	05-17-79	56.5	.3	1.2	4.6	3	0981
Valles Steak	VLE	6.50	6.00	6.50	.50	8.33	6.75	4.25	.17	1.71	-1.28	28.68	-.22	.18	S	NE	-23.0	-.9	162.5	.00	.0	11-01-78	65.6	-.6	1.3	7.8	10	0381
Victoria Stations	VSTA	8.50	7.13	7.13	-.75	-9.52	11.00	6.25	-.71	-2.85	-.97	3.43	-1.85	2.11	N	NE	-32.0	-4.3	59.4	.00	.0	09-19-79	134.5	-5.8	1.0	9.0	10	0381
Wendys Intl	WEN	16.88	15.00	16.13	1.00	6.61	18.75	12.25	.50	-.05	1.10	-20.69	1.52	.14	Q	10.0	18.0	7.5	10.5	.28	1.7	05-11-82	490.4	36.9	.6	3.8	8	1281
Webb Del E	WBB	7.50	5.88	6.88	.88	14.58	12.00	4.88	-.13	3.89	1.95	20.59	.56	.80	Q	NE	-24.0	1.3	11.1	.00	.0	11-07-80	414.8	5.3	1.1	16.1	13	1281
Winners Cp	WNER	10.13	10.00	10.13	.25	2.53	11.00	6.38	-.10	.58	-6.36	39.64	.67	.72	Q	200.0	4.0	2.1	13.0	.00	.0	00-00-00	72.7	1.5	.3	13.4	7	1281

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

Hardwicke to delay debt payments, cut expenses

NEW YORK—Hardwicke Cos., citing "current and anticipated working capital and cash flow problems," is delaying payments on an $11 million bank loan and proposing a debenture swap to stem expenses.

Hardwicke filed last month with the United States Securities and Exchange Commission to be allowed to ask holders of its 14% debentures, due Oct. 31, 1994, to swap them for a new debenture paying 4% a year until 1985, then 20% a year until maturity in 1994.

Hardwicke said that for every $1,000 face amount of 14% debentures tendered, holders would receive $1,175 face amount of the new debenture.

The company also said it is deferring interest payments on its bank loan agreement and easing "certain financial covenants" in the agreement until Sept. 30 when its fiscal year ends. Hardwicke said it wants the bank agreement negotiated by the end of fiscal 1982.

Hardwicke reportedly owes $11 million to the First National Bank of Chicago.

Hardwicke's move to restructure some of its debts comes after a series of setbacks, most of them tied to Hardwicke's failed plans for an Atlantic City hotel-casino.

Hardwicke, which lost $3.5 million on sales of $35 million last year, had invested $21.3 million in the hotel project since buying the Ritz property in December 1978.

Hardwicke had planned to make it into a 550-room hotel and casino. Cost estimates mushroomed to $161 million, while $125 million in financing failed to materialize.

The project was tainted by scandal when a Hardwicke director was accused of speculating on the company's stock in connection with the Ritz deal and a United States senator was said to have been bribed.

In March, a deal was reached to sell the site to a Ventnor, N.J., developer for $13 million.

Hardwicke is in a 50% joint venture agreement with Warner LeRoy on the New York restaurants Maxwell's Plum and Tavern-on-the-Green. LeRoy is suing because of delays in the development of Maxwell's Plum units.

Maxwell's in Boston has been held up in zoning and three planned for Paris, Chicago and Washington, D.C., have yet to get financing.

For the second quarter ended March 14, Hardwicke reported a $1.9 million net loss, compared to a $780,000 profit in the prior-year period.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Luby's Cafeterias	3 mos. 9 mos.	5/31			$ 33.235 94.207	16 18	$ 3.117 8.230	
Nathan's Famous Inc.	12 mos.	3/28			17.410	22	($109,645)	
Judy's Inc.	3 mos.	4/30			9.453	14	($372,000)	
LDB Corp.	9 mos. 3 mos.	4/30 4/30			151.743 51.023	6 2		
Oneida Ltd.	12 mos. 3 mos.	5/1 5/1	$347.607 82.149	7 3			19.356 3.550	16 38

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Luby's reports 17% advance in third quarter profits

SAN ANTONIO—Luby's Cafeterias Inc. reported for the third-quarter ended May 31 that net profit advanced 17% to $3.1 million and revenue gained 16% to $33.2 million compared to a year ago.

For the nine-month period, the 62-unit chain reported net profit of $8.2 million, up 17%, and revenue of $92.2 million, up 18% over the 1981 period.

For the first time in almost four years, Luby's Cafeterias Inc. has gone to Wall Street to raise cash for expansion.

The 62-unit cafeteria chain issued 500,000 shares of common stock last month to raise $13.4 million.

The company said none of the cash is expected to be used for the six new units scheduled to open through August 1983, but it gives Luby's flexibility to inventory land for future growth.

Wechsler acquired by Goodhost

MOONACHIE, N.J.—Wechsler Coffee Corp., the industrial coffee roaster and supplier to the food-service industry, has been acquired by its Canadian subsidiary, Goodhost Foods Ltd., of Toronto.

Wechsler and Goodhost market a similar group of products under various brand names, including ground and freeze dried coffees, tea, as well as coffee-related and food-service equipment.

Sambo's down $10.8M in 1st qtr.

CARPINTERIA, Calif.—Struggling for survival and revitalization under its new management team headed by chairman Robert Luckey, Sambo's suffered a $10.8 million net loss for its first quarter ended April 1, compared with a $9.4 million net loss for the same period last year.

Comparative sales for restaurants still in operation tumbled 20% in the past year, to a $100,000 quarterly unit average or a $400,000 annual pace.

Luckey's new team took over in mid-February—too late to do anything about the first quarter. He and new president Roger Kisiel spent most of their time evaluating what to do for the future. (Further details, *NRN* chain analysis issue, Aug. 2.)

VIEWPOINTS

NRA, Congressmen air opposition to beef grading plan

Editor, *NRN:*

The April 26 issue of *Nation's Restaurant News* carried an article concerning the National Cattlemen's Association. Therefore, I believe you will find a particular interest in these copies of letters to the Honorable John R. Block, Secretary of Agriculture, written by the National Restaurant Association and a group of Congressmen.

These documents support a different point of view.

Joseph L. Piperato
Senior vice president
Standard Meat Company

(Ed. note: The following letters were originally written to John R. Block, Secretary, U.S.D.A.)

Dear Mr. Secretary:

The undersigned organizations wish to express our collective opposition to the proposed rules, as published by U.S.D.A. in the *Federal Register*, Vol. 46, No. 250, pages 63052-63075, to revise the official United States standards for grades of slaughter cattle.

The U.S.D.A. grading system was developed in 1916. Ten years later, through the effort of the cattle industry, it was refined, expanded and offered to the meat industry on a voluntary fee-for-service basis. The changes were intended to facilitate marketing, improve communication between buyer and seller, and increase overall production efficiency. The beef producers correctly contended that if the quality of beef could be assured, consumers would buy more of the product with greater confidence.

We feel the U.S.D.A. proposal will not serve to instill greater confidence in the buying public. The U.S.D.A. proposal will lower the minimum marbling level for Prime to Minimum Moderate, Choice to Typical Slight and Good to Minimum Traces. We believe this would seriously erode the integrity of the beef grading system.

Some consumers have indicated, through their purchases, a preference for lean, private label or no-roll beef. Not all consumers desire lean beef, however. By allowing leaner beef into the Prime and Choice grades, the U.S.D.A. proposal would remove the option and price benefits consumers now enjoy between U.S.D.A. Choice and lean beef.

We fail to understand how a change so similar to the one instituted in 1976 is again considered to be a solution to the problems facing the cattle industry. The industry is no better off today than it was in 1975. In fact, per capita consumption of beef has steadily decreased from 118.8 lb. in 1975 to 103.4 lb. in 1980.

We feel certain that the U.S.D.A. proposed changes will *not* result in better information for beef producers, greater product selection for beef consumers, or a more efficient beef marketplace. It will, however, undermine the purpose of the grading system by allowing the vast majority of feed beef to grade Choice. In addition, it will penalize restaurants and certain retail market segments which do not want lean beef and result in higher prices to consumers. We, therefore, strongly recommend that the department not adopt the proposed standards.

Walter Conti
Chairman of the board
National Restaurant Association
Bruce Berven
Executive vice president
Iowa Cattlemen's Association
David E. Bennett
Executive secretary
Kansas Livestock Association
R. O. Buckley
President
Mississippi Cattlemen's Association
Mel Morasch
President
Northwest Meat Processors Association
James Goldberg
General counsel
National Association of Meat Purveyors
Ellen Dubin
Vice president for external affairs
The Stop and Shop Companies Inc.
Russ Harriman
Executive vice president
Missouri Cattlemen's Association
Jack Partridge
Vice president for public affairs
The Kroger Company
James A. Goslin Jr.
President
Club Managers Association of America
Albert McDermott
Washington representative
American Hotel & Motel Association
Gerald F. Hurley
Executive director
National Club Association
Ronald Ziegler
President
National Association of Truck Stop Operators
Bill Giery
Executive secretary
Foodservice and Lodging Institute
Tom Smith
Director of research
Community Nutrition Institute
David Greenberg
Legislative director
Consumer Federation of America
Nancy Drabble
Director
Congress Watch
Barb Pequet
Legislative director
National Consumers League

Dear Secretary Block:

We are writing to express our disapproval of the regulations proposed by the U.S.D.A. on Dec. 29, 1981, regarding a change in the beef-grading standards, and to ask that they be withdrawn from consideration.

As Members of Congress representing both "producer" and "consumer" areas of the country, we believe that U.S.D.A.'s proposal to lower the beef-grading standards would be detrimental to the cattle industry while resulting in consumers paying more for less.

Since the establishment of the beef-grading system, the public has come to know and rely on the beef grades in making informed decisions about the quality and cost of beef. Consumers have some confidence that the beef they buy will be consistent with past purchases. It is vital for the future of the cattle industry that consumer confidence be maintained.

U.S.D.A.'s proposal would result in shopper's paying "Prime" prices for beef which is currently graded "Choice," and "Choice" prices for beef which is currently graded "Good." If U.S.D.A.'s proposal is adopted, costs to consumers could exceed $300 million per year, beef consumption would likely decrease, with shoppers turning away from beef to other types of meat, and complaints about the quality of beef would increase.

With the proposed change being harmful to the interests of those it's designed to protect—cattlemen and consumers both—adoption of the proposed regulations is not warranted. We believe that the existing grades should not be weakened, and request that the proposed regulations changing the beef-grading standards be withdrawn from consideration.

Peter A. Peyser
Tom Harkin
James L. Oberstar
Walter E. Fauntroy
Parren J. Mitchell
Anthony Toby Moffett
Sidney Yates
Berkley Bedell
Neal Smith
Doug Walgren
Benjamin S. Rosenthal
Thomas J. Downey
Bob Edgar
Ronald V. Dellums
Jim Leach
Dennis Hertel
Jim Nelligan
Frank J. Guarini
Bruce F. Vento
Ted Weiss
Barney Frank
William J. Hughes
Buddy Roemer
Joseph G. Minish
Robert W. Davis
William R. Ratchford
Robert A. Roe
Thomas M. Foglietta
Ike Skelton

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CHAIN ANALYSIS: PART I

Top 100 food-service chains—Pages 49-149

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Chains weathering tough economy

Flat counts, tight money still major stumbling blocks

NRN Special Report

Sparked by a combination of conservative pricing, wider assortments and heavy promotions, a number of leading food-service chains are making respectable showings in a tough economy.

While the latest 1982 real sales growth figures (average per unit annual sales minus menu price rises) look fairly impressive, optimism can be tempered by the fact that customer count increases themselves are running almost flat. A proportion of the sales gains are being achieved through higher check averages. (See Editor's Corner, Page 6.)

A second cautionary note is that many of these chains are finding it necessary to curtail their expansion in the face of tight money. (See top 100 section main story and charts, Pages 49 and 130-131.)

On the surface the most impressive gains are being achieved by PepsiCo's Pizza Hut, with 12.6% average per unit real sales annual compound growth over the last few years. Pizza Hut is projected to top the 15%.

But Pizza Hut started from a far lower base than the others, raising its average unit sales from $215,000 to $315,000 under Arthur Gunther and Don Smith since 1980.

Dunkin' Donuts has also shown surging annual compound real sales growth of 9.4% on a limited sales base which has risen to $385,000.

In this context McDonald's compound annual unit sales growth rate of 3.4% can be viewed as excellent since it has been achieved off an extremely high base which has now reached $1.2 million average per unit sales. The chain is managing to achieve a 5% real sales increase this year.

(Continued on page 205)

ACTUAL 3-YEAR SALES GROWTH OF 16 KEY CHAINS

Chain	1980 Estimated Average Per Unit Sales (000)	1981 Estimated Average Per Unit Sales (000)	Mid-1981 Menu Price Rise vs. Mid-1980	1981 Real Sales† Change From 1980	1982 Estimated Average Per Unit Sales (000)	Mid-1982 Menu Price Rise vs. Mid-1981	1982 % Real Sales† Change From 1981	% Compound Real Annual* Per Unit Sales Change 1982 vs. 1980
Burger King	$ 710	$ 728	8%	– 5.5%	$ 751	3%	+ 0.2%	– 2.5%
Church's	415	465	8	+ 4.0	500	0	+ 7.5	+ 5.6
Denny's	752	831	6	+ 4.5	910	5	+ 4.5	+ 4.3
Dunkin' Donuts	289	340	8	+ 9.6	385	4	+ 9.2	+ 9.4
Friendly	390	420	9	– 1.3	910	5	+ 2.1	+ 1.6
Hardee's	580	610	8	– 2.8	685	2	+10.3	+ 3.5
Howard Johnson	500	545	9	0	590	3	+ 5.2	+ 2.5
Jack-in-the-Box	500	568	8	5.6	618	4	+ 4.8	+ 4.9
KFC	350	385	9	+ 1.0	425	4	+ 6.4	+ 3.5
Long John Silver's	399	450	8	+ 4.8	475	4	+ 1.6	+ 3.0
McDonald's	1,000	1,100	8	+ 2.0	1,200	4	+ 5.1	+ 3.4
Pizza Hut	215	260	9	+11.9	315	6	+15.2	+12.6
Ponderosa	707	698	8	– 9.3	747	6	+ 1.0	– 3.9
Sambo's	475	410	–4	– 9.7	400	2	– 4.4	– 7.3
Taco Bell	356	400	9	+ 3.4	440	5	+ 5.0	+ 3.9
Wendy's	627	674	8	– 0.5	720	4	+ 2.8	+ 1.1

Source: *Nation's Restaurant News* Research; menu price change estimates compiled by Carl DeBiase of Restaurant Industry Trends surveys.

*1982 average per unit sales have been translated into 1980 equivalents, based on the menu price rises, to arrive at the compound annual real sales growth figures.

†Real sales growth is the average per unit sales percentage change minus the menu price percentage change.

High unemployment reshaping work force

By Roman Czajkowsky

Lingering recession and continued steep national unemployment are changing the restaurant industry's labor picture.

Across the country, restaurant employee turnover rates are down from year-before levels as fewer workers than in recent memory are willing to leave their jobs. Competition for even minimum-wage slots appears keener than ever, with a greater percentage of job seekers adults than in past downturns.

In high unemployment areas such as the Northeast and Midwest, the battle for even the most menial restaurant work is especially fierce. Long lines of job applicants at about-to-be-opened restaurants have become a familiar sight.

In Anderson, Ind., an area where 20% of the workforce is unemployed, the opening of a Long John Silver's seafood restaurant is said to have drawn 500 applicants for about 25 minimum-wage jobs.

At some McDonald's units in Ohio and Michigan, the ratio of job seekers to openings has ballooned to 30-1

Atlanta-based Arby's, the 1,200 unit roast beef chain, has seen its turnover rate for both hourly and managerial level employees drop to a monthly 10% rate, said corporate development vice president Wayne Jones. Only recently, a 200% to 300% yearly turnover rate was viewed as the industrywide norm for minimum-wage workers.

Burger King is seeing "less turnover" chainwide as well, according to John Lawlor, a spokesman for the 3,200-unit hamburger chain.

These developments hold several implications—some say not all positive—for operators and employees, particularly in the industry's fast-food segment where high turnover has been the rule from the day the first unit opened.

A plus for operators, restaurant managers now pick and

(Continued on page 205)

LATE NEWSBREAKS

Sales per unit in the average franchisee-owned fast-food restaurant will top $500,000 this year, the U.S. Commerce Department projects. That's a $30,000 increase over last year's per unit average, according to Commerce's annual Franchising in the Economy study.

Several prospective sponsors for the 1984 American Culinary Olympic team have volunteered their efforts following Kraft Foodservice's decision not to again be the sole sponsor. The American Culinary Federation board was meeting at press-time to consider the sponsorship offers, including one from the National Restaurant Association.

Far West Services has converted a Moonraker restaurant in Paramus, N.J., to an El Torito Mexican dinnerhouse, the Grace subsidiary's first El Torito in the East. A second El Torito is reportedly set to open in Syosset, Long Island, in September and 10 more are on the drawing board for the East. (More on Far West Services, Page 93.)

Leaders anticipate sales gains

Industry awaiting tax cut results

By Ken Rankin

WASHINGTON—Although the Reagan Administration's hefty 10% across-the-board individual income tax cut is already showing up in the form of bigger payroll checks for millions of United States workers, economists are still sharply divided on how much of this extra income will trickle down to restaurants and other businesses.

On one side, optimistic analysts view the $29.9 billion tax reduction—the biggest dollar tax cut in the nation's history—as a potential trigger for economic recovery.

Coupled with the 7.4% cost-of-living increased to 36 million Social Security recipients and similar benefit hikes to another four million welfare recipients which also took effect last month, the tax cut figures to pump some $50 billion in additional income into the economy this year.

On a per capita basis, however, the impact of the 10% personal income tax reduction appears much less significant. For a family of three with an annual income of $18,200, for example, the new withholding rates which took effect last month translate into a weekly payroll increase of only 80¢.

Although higher income individuals figure to pocket considerably greater savings as a result of the tax reduction, even a relatively affluent single taxpayer earning $50,000 a year will receive less than $13 per week in additional income.

Moreover, pessimistic analysts point out that despite the 10% rate reduction the vast majority of workers will actually

(Continued on page 205)

High unemployment rate reshapes work force

(Continued from page 1)
choose from a greater variety of job applicants than in recent memory, thus having a better chance of finding the right person for the right job.

"We're receiving more applications, and more applications from all types of people, than ever," said Burger King's Lawlor. "This gives us a broader and wider group to select from. We still get the traditional teenagers, but we're seeing a greater number of mature, experienced people looking to work with us."

Training

As the turnover rate drops, companies find themselves spending less money on training new recruits. The savings, though hard to quantify, go directly to the bottom line. What's more, lower turnover rates are also held to bring stability to unit level operations. Some operators argue that a more stable workforce increases productivity, and helps improve customer relations as managers and hourly personnel grow more familiar with their guests.

One fast-food company official who holds this view is Ernest Renaud, executive vice president of Jerrico Inc., the Lexington, Ky.-based operator of Long John Silver's

"You get a far more efficient operation, more productivity [out of employees] with a lower turnover rate," Renaud said in an interview. "Regularity" is another advantage, he added, "I think people get tired of seeing a new face every time they visit a restaurant. People get used to their managers and to the hourly people. It creates a good feeeling when you're greeted by familiar people."

With nearly 10 million people out of work, a markedly greater number of adults are now looking for even minimum-wage work: the growing service industries, particularly the restaurant industry, have been one target of their job search.

"It's safe to say that we have more adults looking for work with us than in the past," declared Robert Beavders, a McDonald's senior vice president.

But whether the fast-food industry, whose restaurants have traditionally been staffed by mostly part-time working teenagers, is hiring those adults in greater numbers than in the past is unclear at best.

For one thing, some employers concede they're wary of hiring workers used to higher wages, reasoning that they'll leave their jobs as soon as the economy brightens.

"I'd say we look at [hiring adults with work experience] cautiously," conceded Renaud. "If we feel that the person is likely to jump ship, we'll naturally give careful thought to whether we should hire" that job seeker.

On the other hand, said Renaud, "if we think that we'll bring him on board on a long-term basis, such as in Detroit, where the unemployment rate is 17% and [where] it will be a while for a lot of people to get back to their jobs, if ever, then we'd probably take advantage of it."

While Renaud maintained that Jerrico has "no policies or procedures" on hiring adults, his view is that "the more mature [employees] are, the better employees they are."

Other executives question the wisdom of hiring adults in great numbers. Said one fast-food company official, who asked not to be identified, "What percentage of adults can work with 16-, 17-year old youngsters side-by-side? They have different lifestyles, and they might ultimately resent making the same money as someone half their age."

In fact, all companies canvassed in an informal survey indicated they were not looking to add adults to their restaurants in any large measure. While the hiring on the basis of age alone is obviously not a likely issue for public pronouncements, observers say many in the industry are not ready to abandon a carefully cultivated "image" of youthful, eternally smiling employees manning the cash registers and service stations.

One industry expert who claims that view is widespread is William Rogin of SHR International, a human resources management consultant.

And while lower turnover rates may have advantages, not all operators are likely to be ecstatic over the prospects of a more stable workforce, Rogin feels. That's because labor costs are bound to inch up the longer employees stay

"There's a question as to whether some companies want long-term employment," he said. "The longer an employee stays on the job, the more he'll get paid." And long-term employees are likely to eventually qualify for other benefits for which the company must pay.

Thus, any savings realized from a lessened need to train crews are likely to be at least offset by increasing salary and benefits costs.

"I think that some companies say that "If I turn over, then I get a lower-labor cost," agreed Renaud. "Our own efforts here, right or wrong, have been to help people stay around as long as possible. We just think it gets us more productivity, and that helps in the long run."

Future Outlook

Unless the economy brightens, more people are going to stay put on their jobs—whether they like it or not, said Rogin: "What has definitely changed in the [restaurant employment] field is that people are now reacting differently to less than the best supervisory style." In other words, they're more ready to put up with difficult bosses than they were in a more economically secure past.

Chains weather tough economy

(Continued from page 1)
Also showing steady true sales growth are Denny's, with a 4.3% compound real sales rise since 1980; Church's, up 5.6%; Jack-in-the-Box, up 4.9%, and KFC, up 3.5%.

Chains showing real healthy sales increases this year after a previous slump are Hardee's, up 10.3% after a 2.8% drop last year; Howard Johnson, up 5.2% under new president Mike Hostage, after a flat 1981 performance; Ponderosa, which has recovered from a 9.3% dropoff last year, to register at least a 1% gain, and Friendly, up 2% after a 1% slump last year.

Burger King's sales are flat after a 5% dip in 1981, and it is trying to rally under its new chairman and ceo Norman Brinker.

Sambo's has reduced its real sales decline from 9.7% last year to 4.4%. But average per unit sales are barely topping a pathetic $400,000, and Robert Luckey and his new management team have their work cut out for them.

Industry awaits results of Reagan income tax cut

(Continued from page 1)
pay more in Federal taxes this year as a result of "bracket creep" and the steadily increasing Social Security payroll bite.

These gloomy projections, however, tend to ignore the fact that although most individuals won't enjoy any real reduction in taxes, their total disposable income will rise considerably due to the tax cut.

For their part, food-service industry leaders are hopeful that the tax reduction will pump up sales during the second half of '82, but nobody's ready to uncork the champagne just yet.

"It is too soon to say with absolute certainty that the second phase of the tax cut will benefit the industry," National Restaurant Association president John Dankos acknowledged, "but in general people do spend more money on eating out when they have greater discretionary funds."

NRA's long-term 1982 performance forecast for the food-service industry took into account the likely effects of this summer's tax cut and projected that "real" restaurant sales (after inflation) would rise 2% this year. "We see no reason to alter those projections now," an association spokesman told *Nation's Restaurant News*.

"In general we are optimistic about the last half of 1982," Dankos added. "People have a little more money to spend and the inflation rate is down."

The real question seems to be whether consumers will stimulate the economy by spending these extra billions, or increase their savings as Reagan Administration "supply-side" economists originally predicted.

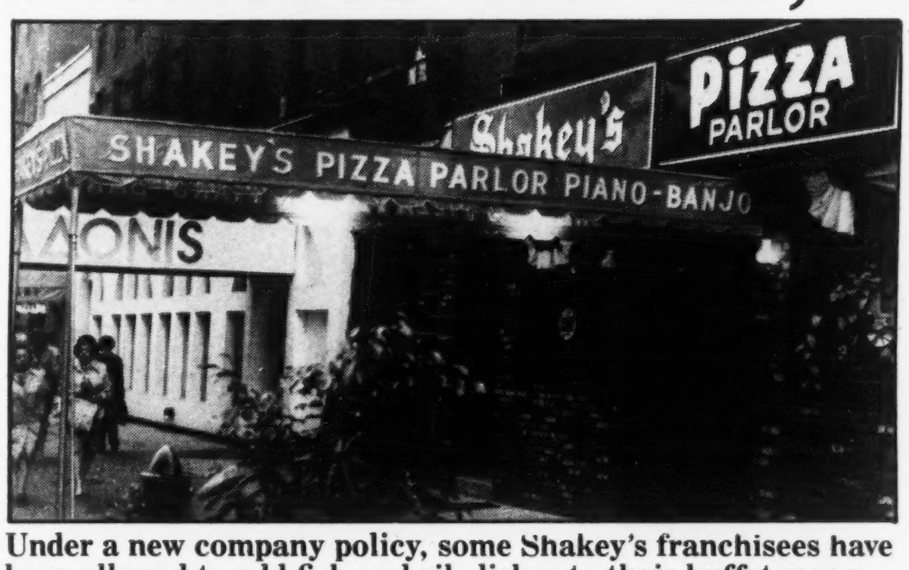
If the supply-siders are wrong, the nation's restaurants could be among the chief beneficiaries of the tax cut. Economists on both sides of the fence agree that few workers will be encouraged to buy new homes, automobiles or other big-ticket durable goods because of an extra $3 or $4 per week in take-home pay. But those few extra dollars might well induce millions of budget-strapped families to eat out more often.

Shakey's franchisees add ribs, fish to buffet

(Continued from page 2)
"The buffet is a concept that extends the operational hours of our restaurants," Bruff says. "It allows us to capitalize on the lunch business and overcome the reluctance to come in for a pizza, by offering quick service and expanded seating capacity."

Shakey's new building design has been set up to accommodate the buffets, says Bruff. They provide "a more efficient ratio of kitchen to seating," approximately 1 to 3. The new units are 4,200 sq. ft. and seat 200.

But because of the high cost of constructing new buildings, Shakey's is emphasizing two other kinds of development possibilities for new units that require lower capitalized investments. These are to develop shopping-center shells and to convert existing restaurant facilities into Shakey's.



Under a new company policy, some Shakey's franchisees have been allowed to add fish and rib dishes to their buffet menu.

If the shopping-center shell has never been used as a restaurant, Shakey's will design the space to meet its new kitchen-to-seating ratio.

Besides their lower capitalization cost, shells also make more locations available, especially in large, overdeveloped urban areas, like Los Angeles and San Francisco, where Shakey's is targeting its growth.

"The utilization of shopping-center shells will be the primary way to develop new, additional units," says Bruff.

He adds that "conversions of units makes it possible to find locations easier."

Bruff estimates that capitalization costs for a new free-standing building are between $600,000 and $700,000. The capital investment on a shopping-center shell may be from $160,000 to $200,000. Conversion of an existing restaurant may be capitalized for under $100,000.

Shakey's projects an increase of 30 franchised units this fiscal year, which ends Sept. 30, and 30 more next year. "We're right on target for '82," Bruff says. "We'll hit our objective."

Of those 30 this year, Bruff estimates that 50% will be in shopping-center shells, 30% will be conversions, and 20% will be new freestanding buildings. For fiscal 1983, the mix will be about the same, he says.

Franchising efforts are concentrated in four major markets: northern California, southern California, Chicago and Baltimore-Washington, D.C.

If projections turn out to be correct, Shakey's will have the following breakdown of units by Sept. 30: domestic franchises, 335; international franchises, 75; company-owned units, 50.

Projections for fiscal 1983 are: 30 new domestic franchises, 24 international and six company-owned stores, for a total of 520 units.

International franchises are concentrated in Far Eastern lands like Japan and the Philippines.

A domestic franchisee pays a $15,000 fee and monthly royalties on a sliding scale: 4.5% of sales for one to three units, 4.3% for four to nine units, and 4% for more than nine units.

Shakey's units used to have what was termed a "beer-hall look," with their picnic tables and benches, but gradually they have been remodeled. Bruff says about 85% of the units have changed to individual dining tables and that the rest of the units are in the process of remodeling. All units serve beer and wine.

The last major food item rolled out by Shakey's was its Super Pan Pizza. The large pan pizza with one topping starts at about $7.95 at most units. Bruff estimates that it accounts for 20% to 30% of pizza sales. "It's doing quite well in the markets where it's been for some time."

Traditional thin-crusted pizza is still Shakey's biggest seller, he adds. Sales figures are not disclosed by the privately owned company.

Hardee's subsidiary rolls out barbecued pork dish

(Continued from page 2)
But the $1.40 Burger Chef price is about 20¢ lower than the chain's other entrees. One exec said: "It gives the image of affordability without actually cutting prices."

It appears to be a strategy that other chains have adopted in developing new products.

It is safe to assume that Burger Chef's new owner, Hardee's Food Systems of Rocky Mount, N.C., is watching the results closely. But Hardee's franchisees had not been briefed on it at presstime.

The Country Bar-B-Q differs little from the McRib, adding to the fear at Burger Chef headquarters that McDonald's clout could have stolen the limelight from Burger Chef. "They are practically the same, so we had to avoid being called the copycat," said a Burger Chef source.

Specifically, McDonald's uses a pattie formed in the shape of barbecued ribs; Burger Chef's is simply rectangular.

McDonald's uses chopped onions and pickle slices; Burger Chef uses sliced onions and no pickle.

McDonald's uses a sesame seed roll; Burger Chef uses its earth grain roll.

Some small, independent chains are reportedly using a pork sandwich similar to the Burger Chef and McDonald's item, but among the larger chains, they are the first to be offering the four main families of meat—beef, chicken, fish and now pork.

Watch for FRANCHISING OPPORTUNITIES supplement appearing in our Aug. 30 issue.